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FEBRUARY 14, 1966

COOPERATIVES IN THE EXPORT MARKET

WORLD SUGAR SURPLUS

GUIDELINES VITAL TO MARKET DEVELOPMENT

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

FEBRUARY 14, 1966

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Mechanical loading of sugarcane at plantation in Peru—one of the most efficient and largest sugar producers in the world. This and other sugar exporters, however, are currently troubled by world surpluses. See story page 6.

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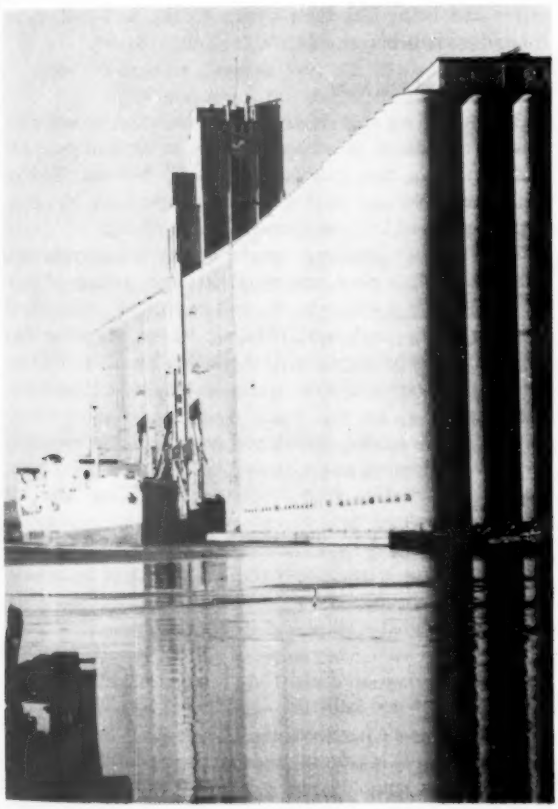
Cooperatives Have Opportunities in the Export Market

Co-ops that are serious about breaking into the export market will find it a challenge, but what they have to sell must be competitive in price and quality

By RAYMOND A. IOANES, *Administrator*
Foreign Agricultural Service



Farmers Union Grain Terminal Association recently remodeled this elevator at Superior, Wisconsin, and deepened the ship's channel so that ocean-going vessels can be loaded, thus increasing the cooperative's export potential.

Marketing cooperatives, like other shippers, are contributing substantially to U.S. agricultural exports, expected to hit a record $6.2 billion or more in fiscal year 1966. And the future appears favorable: the trend of shipments is still upward. Also, certain new developments in the trade field could mean expanded export opportunities for co-ops, especially for those handling fruits and vegetables.

The foreign trade role of co-ops already is surprisingly large, as a few examples will show.

Co-op role large

Sunkist Growers, the big California co-op, has been expanding its citrus exports since the end of World War II. It exported 163,000 short tons of citrus in 1965, of which 123,000 went to Europe and 40,000 to Pacific countries, mainly Japan. Sunkist's fruit goes in three directions—to the "domestic" (U.S. and Canadian) market, the overseas market, and into product processing. Sunkist has found that all three outlets must be developed if the California-Arizona citrus industry is to operate profitably.

Sunsweet Growers, also California based, handles about 45 percent of California's dried prune production, and also markets dried apricots, peaches, and pears. A significant part of Sunsweet's total marketings go into export channels—Europe is the principal market—and the export proportion is increasing.

Ocean Spray Cranberries, with headquarters in Massachusetts, is moving into the export market with both fresh and processed fruit. Wisely, Ocean Spray is proceeding cautiously, because American cranberries are relatively unknown in Europe. Although sales are still small, they have doubled in the United Kingdom in the past year.

One of the largest of the co-op poultry shippers, the Georgia-based Cotton Producers Association, markets about 18 percent of its total volume abroad. This co-op also exports cotton, peanuts, and pecans. The Rockingham Poultry Marketing Cooperative, of Virginia, exports between 15 and 20 percent of its poultry output. Norbest Turkey Growers Association, of Utah, sells about 10 percent of its turkeys abroad.

Rice and soybeans

The Arkansas Rice Growers Cooperative Association, which has handled rice milling and marketing for its members since 1920, is the "parent" of the Arkansas Grain Corporation, which processes and markets soybeans. Both companies look abroad for about 50 percent of their sales.

The Producers Export Company of New York, a grain marketing co-op, has built up a good foreign trade in a field long dominated by very large commercial exporters. Operations got underway on a modest scale in 1958, but volume has grown steadily. The company now has elevators on the Pacific Coast and on the Gulf. It ships to virtually all countries where U.S. grain is licensed to go.

A relatively new entrant to the export field is AGWAY, a co-op formed through the merger of the Cooperative GLF Exchange, the Eastern States Farmers Exchange, and the

Pennsylvania Farm Bureau Cooperative Association. AGWAY, with headquarters at Syracuse, last year exported quite a volume of beans to Caribbean and South American countries and hopes to expand this business. AGWAY's current plans for other products are directed toward exports of fruit, particularly apples, vegetables, and egg products.

Trade opportunities for co-ops, especially those handling perishable products, have been enhanced by reduced cargo rates on international air freight, and by the development of containerization.

Air freight rates have tumbled drastically in the past 2 years and there is every indication that additional reductions will come this year. On January 1, the rate for fruits and vegetables, excluding strawberries, shipped from New York to London dropped from 30 cents to 16 cents a pound for a minimum cargo of 1,100 pounds. Other examples of new per-pound rates from New York—for the 1,100 pound minimum—are 18 cents to Frankfurt; 19 cents to Rome; and 27 cents to Helsinki. As more airlines obtain jet freighters the strawberry rate also is expected to come down.

One airline industry spokesman has estimated that international shipment of perishables will increase by 45 percent this year. California alone shipped 752,000 pounds of fresh produce to Europe in the first 6 months of 1965, four times the volume shipped in the same months of 1963. The low rates now in effect are certain to stimulate shipments from California and elsewhere.

Air transport opens market

Air transport opens up a market in almost every country at seasons when prices are highest. It enables producers to plant and harvest specifically for export. It offers great advantages to co-ops and other businesses that can center production relatively close to airports capable of handling jet freighters.

Movement of perishables by refrigerated container can mean new business opportunities for many U.S. shippers.

The container is, in effect, an insulated box equipped with mechanical refrigeration units powered by an electric motor. The motors are hooked to electric power lines while in marshalling yards, in port, or at sea. They have an internal combustion engine, which runs on propane, for standby power or over-the-road use. Size of the containers varies; the units of one manufacturer are 8x8x35 feet; and others are designed specially to be transported in airplanes.

One company operates between Alaska, Kodiak Island, the east, west, and gulf coasts of the United States, Puerto Rico, and Panama. Commodities carried range from ice cream, transported at –15° F., to live plants, at 60° to 70°. A full range of products can be handled between these extremes.

Export opportunities of co-ops and other shippers are enhanced, of course, when foreign countries lower or remove their trade barriers to farm products. Raisin shipments to Japan increased from 3,400 tons in 1960 to 15,900 in 1965 after Japan "liberalized" imports of this commodity. And when Japan relaxed restrictions on imports of lemons in 1964, U.S. exports jumped from 128,000 boxes in 1963 to approximately 550,000 boxes in 1965.

How difficult is it for a co-op to break into the export game?

The export market is more complex than the domestic, but it isn't an unsolvable maze. Export selling can be mastered by careful, intelligent, persistent effort. Once that is done, exporting becomes part of the business routine—and profitable.

But the old adage, "look before you leap," does apply. The co-op that wants to get into the export game needs answers to many questions before taking a definite step.

In what countries will our product go over the best? How does our product compare in price and quality—laid down abroad—with the goods of U.S. and foreign competitors? Are there any trade restrictions on our product now, or are any contemplated, in the markets in which we want to sell? What do we need to know about sanitary and packaging regulations? Should we sell through foreign importers, agents, and brokers—or through U.S. exporters?

Many of the answers can be found in this country. For example, the Foreign Agricultural Service, backed up by agricultural attachés stationed at 59 foreign posts and by cooperating agricultural and trade groups, can supply a great variety of data and analyses on export volume, prices, competition, import restrictions, sanitary regulations, and the like. The Department of Commerce has a vast reservoir of facts and figures on foreign trade, and many reports, brochures, and periodicals aimed at helping businessmen begin to export. Banks with international departments can help. Excellent books on the how-to-do-its of foreign trade are available.

Explore prospect first hand

But the co-op that is serious about exports will want to send an official or officials abroad to explore prospects first hand. In this connection, C. C. Warren, Foreign Agricultural Service poultry marketing specialist, has these suggestions for U.S. poultrymen headed abroad:

"Part of your planning should be the preparation of a sales kit. Have a photographer take some pictures of your branded, bagged-whole birds, and packaged parts. Have 8 by 10 prints made and put them in an attractive ring binder. Give what specifications you can for each picture—the range of sizes available, grades, number of head per box, et cetera.

"Then write to the agricultural attachés to inform them that you are coming, and when . You would be well advised to make their office your first stop. They can give you leads as to whom to see and who may be opposed to imports because of vested interests.

"Don't be in a rush to visit the importers upon your arrival. Rubberneck around the city a bit and observe how poultry is retailed and served in restaurants. Check their prices against your knowledge of what your landed costs could be, adding on import duties, taxes, and the like, which you can get from the agricultural attaché. Look at other poultry, whether from the U.S. or elsewhere, and see how it compares in quality and packaging with your own.

"Now, meet your importer—just as formally as he seems to meet you. Take an interpreter with you if you can't speak his language well.

"Be prepared to quote prices c.i.f. his port, packed and sized the way he wants. Be able to talk about specific delivery dates. The attaché will put you in touch with shipping agents who can tell you about ship schedules.

"Until you know your new customer quite well, insist upon doing business on the basis of a letter of credit. But

Above, California's citrus products attract importers at West German fair. Right top, from California too is this exhibit in Brussels; below, poultry show at U.S. Trade Center, Tokyo.

do your share of the bargain by delivering exactly what you have agreed to deliver, and on time—no substitutes."

Some co-ops, as part of their market research work, could well make use of U.S. exhibit facilities overseas. U.S. trade centers at London, Milan, and Tokyo stage agricultural exhibits during the year—and these will be joined in 1966 by the Hong Kong center, which will put on a special food promotion. By taking part in one of these shows, a co-op can sample the reaction of foreign consumers to its product, see what competitors' goods look like, and find out about special problems. "Taking part" involves little more than shipping to the trade center enough products to stock a booth and providing a representative to meet the trade.

Co-ops can make similar use of U.S. exhibits at trade fairs, some of which feature areas reserved for the exclusive use of U.S. and foreign tradesmen—a "trade area" where buyers, sellers, agents, and others can discuss business matters in quiet surroundings. Scheduled for 1966 are major shows at Utrecht (Netherlands), Manchester, Vienna, Munich, and Paris where trade area facilities will be available.

Who is to represent the co-op on a permanent basis?

Product representation is a most important consideration and the co-op would be well advised to give it very careful thought. Some organizations—the Cotton Producers Association is one—have a representative stationed abroad to keep in touch with and supervise operations of their agents. Others make out well without the foreign representative; they work directly with foreign agents, importers, brokers, and, increasingly in Europe, with chain stores. Many co-ops ship at least some of their volume through U.S. exporters.

A co-op, like any other shipper, must keep its prices competitive. The business world is notoriously unsentimental. There is little evidence that U.S. marketing co-ops get any special "breaks" from foreign consumer co-ops merely because they both employ the co-op way of doing business. The foreign co-op is responsible to its membership the same as the U.S. co-op is, and will try, of course, to buy as advantageously as possible.

But quality can work miracles in the market place. Denmark's co-ops found that out years ago. Today, Danish bacon, butter, and eggs, virtually all of it marketed through co-ops, is world famous. American co-ops also have emphasized quality. That goes for such diversified export products as lemons, cranberries, apples, cherries, pecans, poultry. It can go for wheat. For example, the Union Equity Cooperative Exchange, of Enid, Oklahoma, keeps control of quality all the way from the farm to the foreign buyer. The key to quality control is a co-op owned elevator at Houston.

Should co-ops not now exporting get into foreign trade?

"Get in and get your feet wet." That's the advice of Clyde Carter, who heads the Arkansas Rice Growers Cooperative. One thing is certain. A $6-billion foreign market already is big. And it is going to be much bigger in the years that lie ahead.

Machine-weeding of sugarcane in South Africa—largest African producer of sugar. Output here and in several other nations jumped sharply after the European and Cuban crop failures some 4 years ago, thus contributing to the current surplus of sugar.

World Sugar Surplus Continues But Prices May Improve

By LESLIE C. HURT
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Foreign Agricultural Service

The world sugar supply remains in surplus, as a crop just under the record 1964-65 level is being harvested.

The new 1965-66 crop, estimated at 70 million tons raw value, is only about 2 million below last season's and will be considerably above consumption. While not expected to make stocks burdensome, it will mean even greater stocks than in 1964-65 when they jumped 8 million tons and prices dropped to a 20-year low.

This season, the price situation is expected to improve somewhat, but there remains the likelihood of large stocks for some time to come. Poor weather in a few major producing countries, of course, could slow the accumulation.

Sharp price rise, sudden fall

The world sugar situation in general has been topsy-turvy over the last 4 years, with production losses in certain nations leading to overexpansion in others and prices zooming to a new peak only to fall drastically.

The trouble began in 1961-62 and continued into 1962-63, with two poor crops in Europe and sharply reduced production in Cuba. This drove prices in May 1963, to their highest levels since 1920. Supplies remained tight and prices high during 1963 and the first half of 1964 and helped to stimulate increased plantings. These, coupled with very favorable growing conditions for the 1964-65 season, resulted in world overproduction of sugar. World market prices reacted and by August 1965 had dipped to a 20-year low of 1.60 cent per pound.

Since the low of August 1965, there has been some price recovery, partially attributed to a tightening-up of shipping and transportation within countries and to a holding-back on marketing of sugar. Some sources, however, contend that the improvement is principally a market adjustment.

The large 1965-66 crop, which will add some 5 million tons of stocks, came in spite of unfavorable weather conditions in several countries. Dry weather reduced the crops in Australia, the Dominican Republic, and South Africa considerably, as well as the crop in Cuba. The cool, damp growing season of 1965 reduced crops in Western Europe by more than a million tons, with West Germany showing the most pronounced decline. And Hurricane Betsy cut into the Louisiana cane crop by some 175,000 tons.

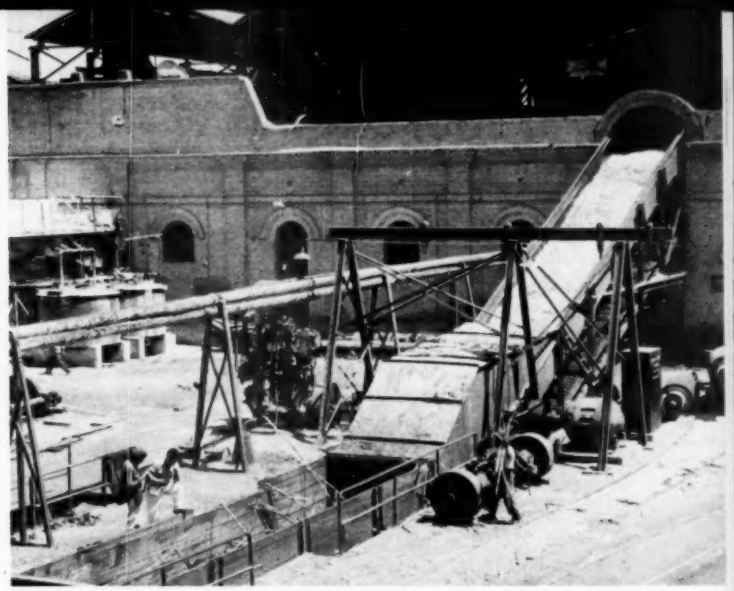
Few nations cutting production

Despite the large increase in stocks, there are only a few countries which have indicated they are slowing down expansion or imposing acreage restrictions.

The United States substantially reduced acreage for both mainland cane and beets again in 1966 as it did in 1965 and maintained the reduced acreage allotments for the 1966 crop. France has announced a 1966 production goal much below the 1965 level. Canada had an acreage reduction of about 15 percent in 1965 and probably will not go above this in 1966. The sugar industry of Mexico has decided to slow up on the expansion program inaugurated 2 years ago during the period of short supply.

Also, the Sugar and Alcohol Executive Commission of Brazil will restudy Brazil's long-range sugar expansion program; the Commission's original program was to produce 7.0 million metric tons by 1970-71, of which 5.6 million would be internally consumed and 1.4 million exported. This consumption figure is now considered too high for 1970-71 and more likely correct for later years, such as 1973 or 1974.

Several other large producers, on the other hand, intend to increase their output. Cuba has announced a goal for 1970 of 10 million metric tons, or about 67 percent higher than at present. A recent survey by India's Sugar Enquiry Commission of requirements for 1970-71 and 1975-76 indicates a rise in production to satisfy both increased consumption needs and higher export goals. Furthermore, acreage and mill expansion is continuing in many other areas of the world, particularly in developing countries, a number of which are not self-sufficient in sugar.



Left, tops are removed from Canadian sugarbeets; above Peruvian cane enters mill through this large chute. Photos courtesy Canadian National Film Board; W. R. Grace & Co.

Producing countries are now holding more of the stocks than previously, and world trade in the past few years has been on a slight downward trend, as more countries strive to become self-sufficient in sugar.

The International Sugar Council has estimated world net import requirements in 1966 at 16.1 million metric tons, slightly more than in 1965. Almost half of this would go to the preferential markets of the United States, the United Kingdom, and the USSR. About 4.1 million tons would go to other developed countries, while about 4 million tons would go to developing countries.

There are many special arrangements for sugar trading other than the amount going to the preferential markets. Therefore, less than half of total international trade in sugar is at the world market price.

Moves taken to stabilize prices

Recent actions by the United States and the United Kingdom should help provide more certainty regarding long-term prospects for foreign suppliers.

On November 8, 1965, the United States Sugar Act was amended and extended through 1971. Some of its primary provisions are (1) foreign countries will receive all the market growth when U.S. consumption requirements are between 9.7 million and 10.4 million tons and will share with domestic areas in growth above 10.4 million; (2) the Cuban reserve (prorated to other quota countries) is placed at 50 percent of total foreign requirements other than for the Philippines, compared with 57.7 percent previously; (3) annual requirements for the following year may be determined at any time during the fourth quarter each year rather than during December as previously; (4) basic domestic quotas were increased by 580,000 tons; and (5) the import fee provision was eliminated, thereby assuring foreign suppliers of more money for their sugar.

The United Kingdom recently extended the Commonwealth Sugar Agreement through 1973. Referring to this, the Ministry of Agriculture, Fisheries and Food stated that agreement has been reached on new methods of determining prices to introduce greater stability into the agreement. Negotiated prices will be for 3 years at a time and have now been settled for 1966, 1967, and 1968. The negotiated price for these 3 years is £43.10 per long ton (5.44 U.S. cents per pound), f.o.b. and stowed bulk 96° F. A special additional payment will be made to the less-developed exporting territories, under which the United Kingdom will import 1.7 million long tons of sugar in 1966.

The Cuban-Soviet sugar agreement runs through 1970. It calls for purchase by the USSR of up to 3 million metric tons of sugar from Cuba in 1966, 4 million in 1967, and 5 million in each of the 3 succeeding years.

Negotiating conference meets

In view of the depressed world market prices for sugar, a negotiating conference to consider a new international sugar agreement was held in Geneva, September 20-October 14, 1965. (Quota and price provisions of the International Sugar Agreement of 1958 expired at the end of 1961, as consensus could not be reached on export quotas.) This was the first conference to negotiate under the auspices of UNCTAD; it was attended by representatives from 67 countries and observers from 13 other nations.

While no agreement was concluded, the protocol for the International Sugar Agreement without quota or price provisions) was extended for the year 1966. The conference also adopted a draft resolution inviting the Secretary General of UNCTAD, with the assistance of the Executive Director of the International Sugar Council, to arrange consultations with participating governments, both on technical and policy levels, and also to arrange to convene the second session of the conference in the spring of 1966, or as soon as a successful outcome appears likely.

Since the conference, exporting countries have been consulting among themselves, and the International Sugar Council met during the week of January 24 and considered possible short-term methods of improving the sugar market.

U. S. Agricultural Attaché Visits Farming Areas of Turkey

On a recent tour of the Turkish farming areas, U.S. Agricultural Attaché to Turkey, *Loyd M. Adcock*, was caught up in the festivities that almost always greet visitors to rural Turkey.

At one village, below, Turkish school children enacted a scene from their country's past for Attaché Adcock and his traveling companions, the Foreign Farm Youth.

At another, upper right, Mr. Adcock and Mustafa Baser, one of his local assistants, presented achievement award certificates to youth of a 4-K Club.

And at still another stop, lower right, he and Robert Weiss of the National 4-H Club Foundation, Washington, D.C., admired a prize-winning calf.

Yugoslav Government Predicts Increase in 1966 Farm Output

The Yugoslav Federal Bureau for Economic Planning has announced its planned agricultural output for 1966.

According to the Bureau, agricultural production in Yugoslavia during 1966 will exceed the low 1965 level by 8 percent and the 1964 output by 1.5 percent, assuming average weather conditions.

Largest share of the expected rise is to occur on socialist farms, whose output is predicted to jump 13.2 percent compared with 7 percent for the private farms.

YUGOSLAVIA: ESTIMATED PRODUCTION OF PRINCIPAL AGRICULTURAL PRODUCTS, 1964-66

Product	1964	1965[1]	1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Wheat and rye	3,875	3,600	3,700
Corn	6,960	5,900	6,500
Sugarbeets	2,830	2,500	2,800
Sunflowerseed	260	245	310
Tobacco	65	65	65
Potatoes	2,820	2,750	3,000
Other vegetables	2,070	1,760	2,100
Fruits and grapes	2,548	1,980	2,700
Milk[2]	2,334	2,400	2,550
Meat	687	710	700
	Millions	*Millions*	*Millions*
Eggs	1,733	1,800	1,900

[1] ERS estimates. [2] Contains weight of livestock exported.

The biggest increase in production is envisaged for corn, followed by potatoes and other vegetables, and fruits. Production of wheat and of meat is anticipated to be at about the 1965 level, while output of sugarbeets and sunflowerseed will rise slightly.

Prices of agricultural products in 1966 are expected to be 7 percent above those in 1965.

Production of mineral fertilizers and machinery is forecast to exceed 1965's, though imports of these products, as well as of livestock feeds, will also rise.

Gross investment in the basic means of production in 1966 is estimated to total 180 billion dinars ($144 million) up 11 percent from 1965, but down 11 percent from 1964.

It is too early for this office to forecast Yugoslav 1966 production with any degree of accuracy. It does appear, however, that the forecast of wheat production, based on fall seeding, is very optimistic.

Realization of these goals, too, is highly dependent on weather conditions. The decline last year from 1964, for instance, occurred mainly because of excessive rain during the fall and drought during the summer in grain producing areas.

—CLYDE R. KEATON
U.S. Agricultural Attaché, Belgrade

Guidelines Vital to Effective Market Development

By Dr. JOHN G. McNEELY

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The probability of success of market development efforts for sales of U.S. agricultural commodities in foreign countries can be determined in advance by the use of selected guidelines. This has become especially important to the 47 associations which are cooperating with the Foreign Agricultural Service in joint market development efforts in 67 countries.

Ten separate factors are considered to be of importance to the increased sale of U.S. farm commodities in foreign countries.

Three of these are domestic limitations on trading: adequate U.S. production; favorable competitive position; and packaging and transportation.

Three other factors can limit trade in a specific country: restrictions to trade; production deficit in a potential market; and conversion of foreign currencies to dollars.

All of these must be favorable before further consideration is given to exporting because the exporter has little or no control over them. Information on these points is available from the Foreign Agricultural Service, USDA, Washington, D. C., 20250.

Additional factors of importance require a study of the market situation in the foreign country. Consideration must be given to the physical movement of the product into the foreign market, distribution within the country, and retail outlets. The actual requirements for success fall into four major categories: adequate port, storage, and transportation facilities; capital for storage and distribution; adequate retail outlets; and effective means for the introduction and/or promotion of a product.

This article is a summary of more detailed information set forth in *"Agricultural Market Development Abroad,"* Texas Agricultural Experiment Station Bulletin 1040, Texas A & M University, College Station, Texas.

Adequate U.S. production

This is the keystone to foreign market expansion because without a product to sell there is no need for market development. The decision to export a specific U.S. agricultural commodity requires that such commodity be in adequate, dependable supply to furnish increased amounts to an expanded foreign market on a continuing basis.

Favorable competitive position

The competitive position that U.S. agricultural products hold in world markets relative to other world suppliers is determined by export prices, transportation costs, and other factors affecting sales such as quality considerations.

The U.S. Department of Agriculture makes export payments to assist movement of some surplus commodities into foreign trade at prices lower than domestic prices. The Cargo Preference Act restricts the choice of ship use when dollar sales are financed through Title IV arrangements, but other sales for dollars in traditional market channels are not restricted. (Ship use is also restricted in the case of dollar sales of wheat to Russia.) Close study of individual commodity situations is necessary to determine delivered prices relative to those of competitors.

Packaging and transportation

There is a complex interdependence between the preparation of a product to be moved long distances without damage and the type of transportation facilities in which the product may move. Both of these are affected by transportation policies and regulations, rates and costs. Within the limitations imposed by these factors is an amount of technology that can be economically and competitively applied. Costs for foreign delivery of U.S. products should be based on current packaging and transporting conditions and technology.

Restrictions to trade

The first barrier to trade in a foreign country is usually its import regulations. Such regulations may restrict quantities of imports and may even prohibit certain imports. A second restraint that may be nonpolitical in value but nonetheless effective is the social customs and traditions of a country. When either restraint prevents an economically feasible volume of sales, such a prospective market is considered to be unfavorable for market development because little can be done in the short run to improve the situation.

Recognition of a changing trend in political or social restrictions in a country may be sufficient cause to ignore restrictions and undertake a limited program of market development. This may be an educational program to pave the way for anticipated improvements in the trading environment and for ultimate sales.

In a number of cases, restrictions against imports from this country have been lifted, or eased substantially, by the continuing efforts of U.S. agricultural attachés abroad to improve the U.S. export position.

Production deficits

An evaluation is necessary of the physical ability of an importing nation to supply its needs from domestic production. This physical ability is influenced by arable land availability, public efforts to increase yields and expand acreages, population trends, and the rate of economic growth and development within the country.

However, the most important consideration in determining the foreign market's potential for expanded sales is the amount currently being imported from other countries. U.S. suppliers can anticipate competition and market sharing, and must determine whether the expected share is sufficiently large to warrant development activities.

Foreign currencies into dollars

All countries face a continuing struggle to maintain domestic monetary stability and a reasonable equilibrium in their balance of payments.

Many factors influence the rate of exchange of a country. Domestic interest rates, governmental expenditures, unbalanced budgets, industrial disruption, wars, and excessive speculation in foreign exchange all affect the exchange rate of a country's currency and potential as a market.

Information is available on the relative strength of foreign currencies. Those having high ratings qualify as potential markets where development activities may be undertaken with the expectation of receiving in payment a currency that can be converted into dollars. Countries that are less highly rated provide greater financial risk. A firm or industry that has limited market development funds should concentrate its efforts in those countries with strong currencies.

If consideration of the first six conditions for market development for a U.S. agricultural product is favorable, then a further look is necessary at somewhat less critical factors concerned with foreign distribution. These factors should be considered as a trade deterrent in a different perspective since conditions within each country will determine their importance to the total performance of the market development program.

Ports, storage, and transportation

Factors to be considered when selecting a port to service a market in a foreign country are: One that can dock the larger freighters of the U.S.-European trade routes; whose shelter and geographic location allow a year-round access to unloading facilities; where unloading facilities allow the rapid and efficient discharge of the cargo; where dockside storage is sufficient to accommodate a whole cargo; and a port connected by sufficient rail and/or truck routes to the inland markets to allow delivery of the commodity at competitive prices.

The problems associated with the unloading, storage, and distribution of agricultural products in foreign countries may be as familiarly simple as in the United States, or as complex and difficult as a bewildering combination of different languages, facilities, and working conditions can make it.

Of importance to successful market development work is a careful study of these factors and an evaluation of the effects of their limitations. Failure in performance can cause deterioration in quality, a failure to meet delivery schedules, and loss of markets.

Capital for storage

It is necessary to provide foreign purchasers with a dependably available source of supply.

To accomplish this usually requires the storage of a U.S. commodity in an amount sufficient to fulfill quantity needs of the market between import shipments. The amount of capital necessary depends upon the value of the commodity, the quantity, the length of time between shipments, and the cost of storage considering both bulk and quality maintenance.

This emphasis on providing the foreign user of a U.S. commodity a supply from storage within the country is a departure from some past patterns of export trade and is based on the assumption that better service will increase sales.

The physical supply of a U.S. agricultural commodity in a foreign country is no guarantee of foreign acceptance. But such a supply has several advantages over booking orders for shipment from the United States. If storage of a ready supply for a foreign market is feasible, then the capital to finance such storage may be a necessary part of a really successful market development program.

Adequate retail outlets

The foreign retail outlet should possess the resources and the merchandising ability to sell agricultural commodities.

Facilities such as refrigeration and other physical equipment may be necessary to handle U.S. products in their processed form. The prospective exporter must make a study of the market outlets and determine whether a sufficient number of stores have physical facilities necessary for quality maintenance and merchandising.

Only a part of the commodities going into foreign markets will retain their U.S. identity. Some exporters will consider their end utilizer to be the foreign processor.

However, the final consumer cannot be ignored and technological assistance to processors may increase consumption and engender goodwill among retailers. Some resistance to new products may be overcome in time by promotion and education.

Promotion of products

The media necessary for adequate promotion vary in different countries and different cultures. In the United States, new promotional emphasis for an old product and the introduction of a new one are usually handled through advertising media; and to some extent the U.S. techniques of sales promotion have been accepted and put into practice abroad.

Trade fairs are a classical means for promoting market development in Europe and the United States will participate in eleven of the largest ones in 1966.

It is important to keep the best features of U.S. promotion and to add locally what is needed to be most effective in the particular country. Necessary information for exporters includes the availability and suitability of advertising media in a foreign country for use in promoting U.S. agricultural commodities.

Market development to increase the sale of U.S. agricultural commodities in foreign countries is not a new concept. The U.S. exporter has applied his skills to this end since the early years of this nation, but the patterns for successful market development have changed as conditions under which trade is carried on have changed.

Political, economic, and social forces are being applied in new combinations which influence trade. This requires a new appraisal of existing approaches to the development of foreign markets.

The newer concept is of a commodity that must be sold at a price that is competitively correct for the quality of goods offered. Equally significant, this selling properly considers the importance of service to a market with the best application of the art of promotion as well as the best use of marketing technology.

As a partner in a market promotion team, the Foreign Agricultural Service can open doors and establish relationships with foreign governments. It can assist commodity groups in orienting the program to the cultural patterns of the foreign buyers. Also, it can act in a liaison capacity between state traders abroad and private traders in the United States.

But major responsibility will continue to rest with the agricultural and trade groups for the market development programs.

Universities such as Texas A & M University support these activities with education of domestic producers on the objectives and values of foreign trade programs. Market development research helps to determine potential markets, limitations, appropriate approaches, and continuing analysis of successes and failures.

Canned U.S. fruits and juices, left, draw tradespeople; above, supermarket buyers.

Milan Trade Center Has First U.S. Food Show

The first exhibition of packaged, brand-name U.S. food products in Italy last month at the U.S. Trade Center in Milan produced solid sales results.

During the 8-day exhibit, agents were lined up for the three largest potential pecan users in Italy; a chain store group indicated it will import 20 to 25 tons of U.S. specialty cheese a month; and Italy's largest chain store agreed to handle California raisins for the first time.

The Washington State Hop Producers, Inc., took advantage of the opportunitity offered by its trade center exhibit to promote hops and hop concentrates with brewers throughout Italy. The country produces no hops, and beer consumption is rising.

More than 1,000 Italian food tradesmen registered during the first 5 days. Processed food products on display included poultry, seafood, potatoes, hops, canned fruits and vegetables, pecans, raisins, and cheese. The exhibit was sponsored by the U.S. Department of Agriculture in cooperation with the food trade of the United States and Europe.

CCI Extends Direct Cotton Promotion Program in Europe

In a move to increase effectiveness of cotton promotion overseas, Cotton Council International has extended to three more European countries a new market development plan of working directly in each country with those members of the foreign cotton textile industry with the biggest stake in increased use of cotton.

Successfully initiated last year in the United Kingdom and Scandinavia, the new program has now gotten underway in France, West Germany, and Italy, three big users of U.S. cotton.

Under the new plan, CCI carries on cotton promotion in each country with the cooperation and support of the firms most interested in an intensive program to up cotton use. These could be textile manufacturers, wholesalers, makers-up, or retail outlets.

Up until last year, CCI operated almost entirely under a system in which cotton promotion is carried on with guidance from CCI by overseas groups —called third-party cooperators—representing the textile industry in each country. Such an industrywide group necessarily includes firms that use a variety of fibers and vary widely in their interest in cotton.

CCI still operates primarily through nationwide industry groups in Austria, Belgium, Canada, Finland, India, Japan, the Netherlands, Spain, and Switzerland. However, in a number of these countries some "direct" promotion is being undertaken.

Which plan is used depends on conditions in each country.

In West Germany, the United Kingdom, Denmark, and Norway, the direct plan is being used. In France, Italy, and Sweden, there is a dual set-up: industrywide groups continue to cooperate with CCI in certain collective promotions, public relations, and allied projects, while advertising and merchandising projects with individual brand names are carried on under the direct system.

It is expected that CCI-administered funds from USDA will continue to be more than matched by funds from local cooperators, though in the future some funds will also be contributed by individual companies.

U. S. Poultry Promoted Abroad

Public relations continue to play an important role in the U.S. poultry industry's International Trade Development Board's promotion of U.S. poultry sales in its two top export markets, West Germany and Japan.

Latest among such P.R. activities was the agreement of West Germany's Electric Kitchens Organization to use U.S. turkeys in its 900 demonstration kitchens where the group shows German housewives and schoolgirls how to keep up with culinary developments.

In Japan, U.S. chicken was spotlighted—also at no cost to the ITDB—in a full-page color picture feature in a leading woman's magazine.

Senegal Improving Its Peanut Production With EEC Economic Aid

Senegal, with economic assistance from the European Economic Community, has been working to diversify its agriculture and reduce its heavy dependence upon peanuts as an export crop and France as a market. At present the world's largest exporter of peanut oil, second largest of peanuts, Senegal in both 1964 and January-June 1965 sold 95 percent of its peanut exports to France. Corresponding percentages for peanut oil were 97 and 99.

EEC assistance to Senegal's peanut producers is designed to lower production costs by improving yields and quality, so that Senegalese peanuts can become competitive on international markets. Relatively elaborate extension activities are planned for increasing yields.

Senegal's 1965-66 peanut output is estimated unofficially at 1 million metric tons (unshelled), of which 900,000 to 925,000 are expected to enter commercial channels. Last year, estimated production was 970,000 tons, of which 864,000 were commercialized. The production objective for peanuts under Senegal's second Four-Year Plan calls for total production of about 1.3 million tons by the time the Plan ends in 1969, of which roughly 1.1 million are expected to be commercialized.

According to the Plan, peanut area possibly will increase to almost 3 million acres against an estimated 2.8 million last year. However, the rate of acreage expansion will be considerably behind that of recent years because of diversification efforts.

Effective with the 1964-65 season, France began reducing the subsidized purchase price paid for Senegalese peanuts. The difference between the reduced French contribution and previous subsidy levels is to be made up each year through 1968 by the EEC. Over $35 million is to be spent to meet the cost of the subsidy. The objective is for Senegalese peanuts to be competitive when the Yaounde Convention Agreement expires in 1968.

Should EEC financial assistance be withdrawn at the end of the Convention Agreement, however, Senegal will still be in a position to benefit through completely free entry of peanuts into the EEC, while countries other than EEC members and associated overseas territories will have to pay the common external tariff.

Senegalese exports of shelled peanuts during January-June 1965 were about 10 percent below those of the comparable 1964 period. Exports of peanut oil and peanut cake, however, increased markedly.

SENEGAL'S EXPORTS OF PEANUTS AND PRODUCTS

Item	1964	January-June 1964	January-June 1965
	Metric tons	*Metric tons*	*Metric tons*
Peanuts (shelled), total	213,860	185,759	167,886
To France	202,357	181,444	158,588
Peanut oil (crude and refined), total	129,530	44,390	74,211
To France	126,092	42,063	74,205
Peanut cake, total	184,329	62,425	96,573
To France	100,767	26,932	58,281

Service de la Statistique, Dakar.

Current season prices to producers remain unchanged from recent years—18 to 22 CFA francs per kilogram, unshelled (3 to 4 cents per lb.), depending on the place of purchase. As of early January, the export price for shelled peanuts, f.o.b. Dakar, was CFA Fr 43,000 ($174) per metric ton. The price which France paid (for peanuts) under the purchase agreement was 975 French francs per metric ton ($1.99), c.i.f. Marseilles.

U. S. Exports of Soybeans and Products

December exports of U.S. *soybeans* at 31.4 million bushels declined from the record volume of 39.4 million exported in the previous month. Cumulative exports in the September-December period were one-sixth above those in the comparable period a year ago.

Edible oil exports in December increased to 236.0 million pounds compared with only 78.8 million in November. However, cumulative exports in the October-December period remained sharply below those in the corresponding period of 1964.

In December, *cake and meal* exports from the United States were 347,900 short tons—slightly below those in November but substantially above those of the corresponding month last year. Exports for the 3-month period through December 1965, at 892,100 tons, were about 165,000 tons above those of the comparable 3-month period of the previous year.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item, country of destination, unit		December 1964[1]	December 1965[1]	Sept.-Dec. 1964-65[1]	Sept.-Dec. 1965-66[1]
SOYBEANS					
Japan	mil. bu.	3.8	4.1	18.2	21.3
Canada	do	5.3	6.1	16.6	15.0
Netherlands	do	3.3	4.9	13.7	14.7
Germany, West	do	2.0	3.8	10.9	13.8
Italy	do	.4	3.1	4.2	9.2
Other	do	9.6	9.4	28.8	33.9
Total	do	24.4	31.4	92.4	107.9
Oil equiv.	mil. lb.	267.5	344.5	1,014.3	1,184.3
Meal equiv.	1,000 tons	572.5	737.3	2,170.9	2,534.8
EDIBLE OILS		December		Oct.-Dec.	
Soybean:[2]		1964[1]	1965[1]	1964-65[1]	1965-66[1]
Taiwan	mil. lb.	1.2	45.2	8.2	45.6
Pakistan	do	60.6	44.2	74.5	44.2
Yugoslavia	do	—	36.9	1.1	37.0
Iran	do	14.8	11.7	26.7	36.8
Israel	do	11.1	12.0	16.8	15.4
Morocco	do	—	9.1	8.9	14.2
Tunisia	do	2.2	—	2.2	9.4
Canada	do	2.2	1.8	7.2	5.7
Ecuador	do	.6	2.0	1.6	5.6
Colombia	do	—	(3)	(3)	5.5
Other	do	64.8	8.8	238.4	20.5
Total	do	157.5	171.7	385.6	239.9
Foreign donations[4]	do	—	15.5	—	25.5
Total soybean oil	do	157.5	187.2	385.6	265.4

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS—Con.

Item, country of destination, unit		December		Oct.-Dec.	
		1964[1]	1965[1]	1964-65[1]	1965-66[1]
EDIBLE OILS—Con.					
Cottonseed:[2]					
Pakistan	mil. lb.	4.9	21.7	4.9	21.8
Germany, West	do	12.3	7.7	26.4	19.4
Canada	do	6.9	3.5	14.6	13.2
Morocco	do	—	5.5	6.5	12.0
Venezuela	do	3.7	2.4	7.1	10.2
Iran	do	9.4	.1	12.5	5.9
Netherlands	do	12.8	.8	13.4	5.4
Sweden	do	—	2.4	—	4.7
Mexico	do	—	2.1	(3)	3.8
Japan	do	—	1.2	.2	3.3
Other	do	38.7	1.4	60.7	5.1
Total	do	88.7	48.8	146.3	104.8
Foreign donations[4]	do	[5]11.1	(3)	[5][6]33.4	.7
Total cottonseed oil	do	99.8	48.8	179.7	105.5
Total oils	do	257.3	236.0	565.3	370.9
CAKES AND MEALS					
Soybean:					
Germany, West	1,000 tons	55.7	74.2	105.8	153.6
Netherlands	do	39.4	50.8	96.8	112.7
France	do	39.2	32.9	95.7	109.1
Canada	do	21.1	26.4	74.4	74.2
Belgium-Luxembourg	do	22.2	19.1	55.7	49.2
Italy	do	10.5	8.7	31.8	43.4
Denmark	do	17.7	20.1	39.2	41.7
United Kingdom	do	1.8	17.9	4.7	33.0
Yugoslavia	do	22.6	12.2	55.2	23.8
Other	do	18.1	67.4	80.4	133.2
Total	do	248.3	329.7	639.7	773.9
Cottonseed	do	18.8	12.9	59.6	61.8
Linseed	do	3.4	1.2	22.8	46.0
Total cakes and meals[7]	do	275.6	347.9	727.2	892.1

[1]Preliminary. [2]Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3]Less than 50,000 pounds. [4]Title III, P.L. 480. [5]Estimated by U.S.D.A., includes salad oil and oil in shortening. [6]October-December estimated by U.S.D.A. [7]Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and U.S.D.A. estimates.

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

Higher Nigerian Palm Products Purchases

The Regional Marketing Boards of the Federation of Nigeria as of December 16, 1965, had purchased 423,478 long tons of palm kernels for crushing and export and 158,562 tons of palm oil (all grades). Purchases of kernels thus were 6 percent larger than total 1964 purchases of 401,388 tons; purchases of oil exceeded the 147,981 tons of 1964 by 7 percent.

Turkish Olive Oil Exports Increase

Exports of edible oil oil from Turkey during January-November 1965 rose sharply to 19,205 metric tons valued at about US$10.7 million, compared with only 3,333 tons valued at US$1.8 million in the corresponding period of 1964. This steep increase reflected a substantial increase in availabilities from 1964-crop olives.

The outturn of edible olive oil from 1965-crop olives is current forecast at only 55,000 metric tons, compared with 100,000 in 1964-65 and 65,000 in 1963-64.

Philippine Exports of Copra, Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic in 1965, on an oil-equivalent basis, totaled 779,913 long tons, an increase of 5 percent from the 743,187 registered in 1964. Exports of copra rose 6 percent and those of coconut oil 2 percent.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Commodity and destination	1963	1964	1965[1]
	Long tons	*Long tons*	*Long tons*
Copra:			
United States	245,293	231,215	253,939
Europe	623,693	518,988	538,649
South America	16,970	26,800	23,044
Japan	38,977	29,880	41,100
Other Asia	500	500	500
Middle East	3,250	140	1,500
Total	928,683	807,523	858,732
Coconut oil:			
United States	183,648	182,736	181,429
Europe	28,489	41,286	48,487
South Africa, Rep. of	—	2,251	409
Japan	—	99	—
Total	212,137	226,372	230,325

[1]Preliminary.

Important factors in maintaining the exportable surplus have been higher levels of commercialization in response to higher peso returns, plus increases in number of productive palms through replantings and new plantings. Reduced yields and losses sustained during mid-year typhoons were minimal, and it appears that the effects of the November typhoon were confined to Northern Suriago.

Record Greek Raisin Crop

The 1965-66 Greek raisin crop has been estimated at an alltime high of 108,000 short tons. Of this total, approximately 104,000 tons are sultanas, 3,000 tachta, and 1,000 rozaki. The island of Crete accounted for roughly 85 percent of the 1965 Greek raisin pack, while the Peloponnesian Peninsula produced the balance. Cretan sultana production has been expanding.

GREEK RAISIN SUPPLY AND DISTRIBUTION

Item	1964-65[1]	1965-66
Supply:	*Short tons*	*Short tons*
Beginning stocks (Sept. 1)	—	108,000
Production	77,500	108,000
Total supply[2]	77,500	108,000
Distribution:		
Exports	69,000	77,000
Domestic disappearance	8,500	31,000
Ending stocks (Aug. 31)	—	—
Total distribution[3]	77,500	108,000

[1]Revised. [2]Estimate for 1965-66. [3]Forecast for 1965-66.

Exports are forecast at 77,000 tons for 1965-66 compared with the 1964-65 level of 69,000. Export sales between September 1 and December 15 of the 1965-66 marketing year compare favorably with those of the previous 2 years. Sales to Germany have been strong, while those to the USSR have been lagging.

As of late December, the Confederation of Sultana Grower Cooperatives (KSOS) purchased approximately 93,000 tons. During this period, the Sultana Board sold nearly 45,000 tons to exporters.

Reportedly, the Greek Sultana Board has not deviated from the minimum f.o.b. prices agreed to at the Interna-

tional Sultana Conference at Brighton, England. Some sources believe losses to the Greek Government budget may range from $9 million to $15 million depending on the stocks unsold at the end of 1965-66.

Greek Table Olives Up

Forecasts of the 1965-66 Greek table olive pack have ranged between 40,000 and 65,000 short tons. As of late January, production is tentatively forecast at 50,000 tons. If this figure materializes, the 1965-66 pack would be approximately 18,400 tons above the previous "off" year but 9,000 tons below 1963-64. The early indications for a good crop were not fully realized because of a lack of rainfall between August and November. Insect damage was limited, partly because of a larger scale aerial spray program.

GREEK TABLE OLIVE SUPPLY AND DISTRIBUTION

Item	Final 1963-64	Revised 1964-65	1965-66 Forecast
	Short tons	*Short tons*	*Short tons*
Beginning stocks (Nov. 1)	5,500	16,500	5,500
Production	59,000	31,600	50,000
Total supply	64,500	48,100	55,500
Exports	18,900	19,800	20,000
Domestic disappearance	23,600	22,800	19,000
Pressed for oil	5,500	—	10,000
Ending stocks (Oct. 31)	16,500	5,500	6,500
Total distribution	64,500	48,100	55,500

Exports of the 1965-66 season are forecast at 20,000 tons, or slightly above those in 1964-65. Soviet Bloc countries—the USSR, Rumania, and Bulgaria—may take approximately 50 percent of the Greek edible olive exports in 1965-66, while a major portion of the remainder will be shipped to Italy and the United States. Probably not over 15 percent of Greece's olive exports are packed in small-size containers.

In early November 1965, f.o.b. prices for green olives packed in wooden barrels ranged from $435 to $526 per short ton depending on size. These prices are higher than those a year earlier. Prices for black olives for the top three grades were also higher than those in 1964.

GREEK F.O.B. PRICES IN EARLY NOVEMBER 1964 AND 1965

Size	Number of olives per pound	Price per short ton: Green olives 1965	Green olives 1964	Black olives 1965	Black olives 1964
		U.S. dol.	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
Super Colossal	50 - 54	526	499	(1)	454
Colossal	57 - 60	499	472	(1)	431
Giants	64 - 68	472	435	(1)	408
Extra Jumbo	73 - 77	454	404	(2)	390
Jumbo	84 - 91	435	386	(2)	367

[1]Prices for these three sizes ranged between $499 and $526. [2]Not available.

U.S. Cotton Exports For December

Exports of U.S. cotton in the first 5 months (August-December) of 1965-66 amounted to 1,465,000 bales, 15 percent below the 1,729,000 bales exported in the same period of 1964-65. Exports in December amounted to 446,854 bales, compared with 747,324 bales in December of 1964. Exports in November were 370,000 bales.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1: Average 1955-59	1963	1964	August-Dec. 1964	August-Dec. 1965
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	23	11	6	1
Belgium-Luxembourg	160	176	80	47	29
Bulgaria	0	19	0	0	0
Denmark	17	16	6	3	2
Finland	22	10	11	5	3
France	360	380	184	107	57
Germany, West	475	401	217	147	53
Hungary	0	18	0	0	0
Italy	416	442	260	166	41
Netherlands	124	127	65	24	9
Norway	10	14	13	6	6
Poland & Danzig	85	132	67	65	14
Portugal	28	35	22	7	4
Spain	171	14	28	8	3
Sweden	75	88	58	30	32
Switzerland	64	95	66	48	22
United Kingdom	525	286	153	63	62
Yugoslavia	108	78	109	89	107
Other Europe	17	20	10	5	5
Total Europe	2,690	2,374	1,360	826	450
Australia	54	91	60	30	15
Canada	217	448	390	123	131
Chile	35	2	1	(1)	1
Colombia	33	14	1	0	56
Cuba	27	0	0	0	0
Ethiopia	4	9	4	0	8
Hong Kong	134	187	150	20	47
India	184	314	243	42	26
Indonesia	30	21	47	47	0
Iraq	0	20	0	0	0
Israel	16	26	23	7	3
Japan	1,154	1,301	990	308	333
Korea, Rep. of	205	313	261	122	165
Morocco	10	15	12	5	5
Pakistan	14	8	9	(1)	4
Philippines	64	140	75	25	29
South Africa	26	37	43	21	15
Taiwan (Formosa)	153	189	203	94	75
Thailand	4	39	55	9	28
Uruguay	15	(1)	0	0	0
Venezuela	2	12	6	3	5
Vietnam[2]	2	75	63	28	28
Other countries	27	27	64	19	41
Total	5,100	5,662	4,060	1,729	1,465

[1]Less than 500 bales. [2]Indochina prior to 1958. Includes Laos and Cambodia.

Changes in Greek Sugarbeet Prices

The prices to be paid to Greek sugarbeet growers this year by the Hellenic Sugar Industry has been set at $16.67 per metric ton for beets with 16 percent sugar content. Prices will vary according to whether the sugar content of the beets is above or below the 16-percent level, on the following pattern: For beets with a sugar content of 16 to 18 percent, there will be a price increase of 0.117 U.S. cent per kilogram for each percent of sugar content; for those with more than 18, an increase of 0.100 cent; for those with 16 to 14, a decrease of 0.117 cent; for those below 14, a decrease of 0.150 cent.

Initiated as of this year is a subsidy on the amount of beets delivered to the sugar refineries, varying with the time of delivery as follows:

- For deliveries before July 21, $1.67 per metric ton.
- For deliveries from July 22 through July 31, $1.00 per metric ton.
- For deliveries towards the end of the campaign (the exact date to be set in October by the Ministry of Agricul-

ture based on recommendations of HSI), $1.67 per metric ton. No subsidy will be granted from August 1 through the date to be set in October.

Allocation of the dry sugarbeet pulp will hereafter be carried on by representatives of the Ministry of Agriculture, the Agricultural Bank, the Agricultural Cooperative Organizations, and the Hellenic Sugar Industry.

The dry pulp will be bought by the Agricultural Bank and its distribution carried out on the same principles as for the other feeds distributed by the Bank and at the price approved by the Ministry of Agriculture throughout its marketing period.

USSR Adds Sugar Factory

A sugar factory with a sugarbeet-processing capacity of 3,000 metric tons in 24 hours is reported to have been completed recently at Sluzk, in the White Russian Republic of the Soviet Union.

Between 1959 and 1963, 45 new sugar plants were commissioned. The reconstruction of existing plants increased beet-processing capacity by 185,000 metric tons per 24-hour day. By the end of 1965, there were said to be 304 operating plants with a capacity of 560,000 tons per day; and 30 new factories are reported to be at various stages of construction throughout the country.

The processing season usually begins on September 1. With another 45 plants, the USSR could complete its beet processing in 120 to 125 days. Faster processing would increase sugar outturn, for the sugar yield of stored beets declines.

Pakistan To Export Industrial Alcohol

Pakistan produces about 300,000 short tons of refined sugar annually in its 18 mills, and there are plans to set up another 6 to 8 mills during the next 5 years.

Sizable quantities of molasses are produced as a byproduct; but, except the small quantity exported, a major portion of the molasses goes to waste. Recently, five sugar mills in the country have been given foreign currency loans by the Pakistan Industrial Credit and Investment Corporation for the importation of distillery plants to manufacture industrial alcohol from molasses.

One of the conditions of the loan was that the recipients secure firm contracts from abroad for the export of industrial alcohol. This will be the first time that this valuable byproduct has been utilized. There seem to be no plans at present either for using molasses in the cattlefeed industry or for expanding molasses exports.

U.S. Tobacco Exports Down in 1965

U. S. exports of unmanufactured tobacco in calendar 1965, at 468.1 million pounds (export weight), were down 9 percent from those for 1964, according to preliminary information. The value was $382.7 million, compared with $412.9 million in 1964.

Smaller exports of both flue-cured and burley accounted for most of the drop in total exports last year. Flue-cured, at 350.6 million pounds, was 11.4 percent under the 395.6 million shipped out in 1964; and the burley total of 45.3 million was 14.6 percent below the 1964 exports of 53.0 million. On the other hand, exports of dark-fired Kentucky-Tennessee, Virginia fire-cured, One Sucker, Black Fat, and cigar binder rose from 1964 levels.

Export shipments of tobacco products in 1965 totaled $123 million in value, compared with $131.8 million in 1964. Cigarette exports totaled 23.1 billion pieces—a drop of 8.3 percent from the 25.1 billion for 1964. Chewing, snuff, and packaged smoking-tobacco shipments also were smaller. Gains were recorded, however, for cigars and cheroots and for smoking tobacco in bulk (including blended strips).

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	December		January-December		Change from 1964
	1964	1965	1964	1965	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	54,727	50,684	395,585	350,596	—11.4
Burley	5,395	3,391	53,011	45,295	—14.6
Dark-fired Ky.-Tenn.	3,606	3,432	20,849	21,620	+3.7
Va. Fire-cured[1]	150	452	4,560	6,474	+42.0
Maryland	1,538	547	12,320	10,116	—17.9
Green River	436	53	1,211	623	—48.6
One Sucker	484	13	642	904	+40.8
Black Fat	584	657	3,658	3,935	+7.6
Cigar wrapper	172	185	5,246	3,921	—25.3
Cigar binder	154	199	1,576	2,521	+60.0
Cigar filler	152	74	604	731	+21.0
Other	2,538	2,601	15,222	21,339	+40.2
Total	69,936	62,288	514,484	468,075	—9.0
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	56.9	55.0	412.9	382.7	—7.3

[1]Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	December		Jan.-Dec.		Change from 1964
	1964	1965	1964	1965	
					Percent
Cigars and cheroots *1,000 pieces*	2,904	4,716	44,338	55,249	+24.6
Cigarettes *Million pieces*	2,843	2,290	25,144	23,052	—8.3
Chewing and snuff *1,000 pounds*	34	53	413	388	—6.1
Smoking tobacco in pkgs. *1,000 pounds*	118	109	1,420	1,133	—20.2
Smoking tobacco in bulk *1,000 pounds*	2,951	2,385	12,328	13,399	+8.7
Total declared value *Million dollars*	16.5	13.6	131.8	123.0	—6.7

Bureau of the Census.

Austrian Cigarette Output Up

Cigarette output by the Austrian Tobacco Monopoly during the first 9 months of 1965 totaled 7,804 million pieces—up 5 percent from the 7,432 million produced in the same 1964 period. Production of cigars dropped to 56 million pieces from 69 million in January-September 1964. Output of all other tobacco products except snuff was down.

Ontario's Flue-Cured Sales Up

Auction sales of the 1965 Ontario flue-cured crop in Canada set a new high daily average price of 76.2 Canadian cents per pound on January 21, 1966. The current season's

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daily record of volume sales was set on January 14, 1966, when 2,583,925 pounds were sold.

Average price for the ninth week, which ended January 21, 1966, was 72.4 cents per pound, compared with 62.7 for the eighth week and 63.8 for the seventh.

Cumulative sales through January 21, 1966, totaled 98.0 million pounds, at an average price of 64.4 cents per pound. This compares with 59.2 cents for the first 9 weeks last year, when 87.2 million pounds were sold.

Argentina Has Bumper Corn Prospects

Growing conditions for the 1965-66 Argentine corn crop continue to be excellent, with ideal temperatures and rainfall except in parts of Córdoba and San Luis Provinces. The first estimate of planted area, 9.4 million acres (about 340,000 more than in 1964-65), is expected to be revised upward. Favorable planting conditions, after drought had reduced the small grains crop, encouraged large plantings of corn.

The Argentine Government is counting heavily on export earnings from a bumper corn crop to help offset the disappointing wheat outturn. With harvesting to begin in late February, there is as yet no firm estimate of the corn crop, although production will almost certainly reach a new postwar high. Estimates by the trade range from 6.5 million to 9 million metric tons.

Based on the more conservative figure, production would be the highest since the 8.7-million-ton crop of 1943-44. Allowing 2.5 million tons for domestic consumption, potential exports would then be approximately 4 million tons. Argentina produced 11.5 million tons in 1934-35—its all-time high. Last year's crop was 5.1 million.

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